

HIGH SCHOOL CORE AREA

Economics

Standard ECON-7: The student will demonstrate an understanding of the national economy and economic policies in the United States.

ECON-7.3 Explain the purposes and effects of fiscal and monetary policies, including the structure and function of the Federal Reserve System and policies on unemployment, inflation, and economic growth.

Taxonomy Level: B 2 Understand /Conceptual Knowledge

Previous knowledge

In first grade (1-3.3) students identified ways that government affects the daily lives of individuals and families in the United States, including providing public education, building roads and highways, and promoting personal freedom and opportunity for all. In second grade (2-3.3) students explained the ways that local and state governments contribute to the federal system, including law enforcement and highway construction.

As well, in third grade (3-5.4, 3-5.5) students explained the impact and the causes of emigration from South Carolina and internal migration from the rural areas to the cities; and explained the effects of the Great Depression and the New Deal on daily life in South Carolina, including the widespread poverty and unemployment and the role of the Civilian Conservation Corps. In fifth grade (5-4.2) students summarized the stock market crash of 1929 and the Great Depression, including economic weakness, unemployment, failed banks and businesses, and migration from rural areas.

In middle school (7-5.3) students explained the worldwide depression that took place in the 1930s, including the economic crash of 1929 and political responses to the depression such as the New Deal in the United States, the rise of Nazism in Germany, and the economic retrenchment in Britain. As well, in eighth grade (8-6.5, 8-7.1) students explained the effects of the Great Depression and the lasting impact of New Deal programs on South Carolina and summarized the significant aspects of the economic growth experienced by South Carolina during and following World War II.

In Global Studies (GS-5.3) students explained the impact of the Great Depression and political responses in Germany, Britain, and the United States, including Nazism, Fascism, retrenchment, and the New Deal. Also in high school (USHC-7.4) students explained the causes and effects of the stock market crash of 1929 and the Great Depression, including the disparity in incomes, limited government regulation, stock market speculation, and the collapse of the farm economy; wealth distribution, investment, and taxes; government policies and the Federal Reserve System; and the effects of the Depression on human beings and the environment. Students (USHC-7.5) also compared the first and second New Deals as responses to the economic bust of the Great Depression, including the rights of women and minorities in the workplace and the successes,

controversies, and failures of recovery and reform measures such as the labor movement. U.S. History students (USHC-10.2) also summarized key economic issues in the United States since the fall of communist states, including recession, the national debt and deficits, legislation affecting organized labor and labor unions, immigration, and increases in economic disparity. U.S. Government students (USG-1.1) will summarize arguments for the necessity and purpose of government and politics, including the idea that politics enables a group of people with diverse opinions and interests to reach collective decisions, the idea that government gives people the security they need in order to reach their full potential, and the idea that the purposes of government include enhancing economic prosperity and providing for national security.

Future Knowledge

While no future knowledge is required, students should have a basic understanding of the role of the government in promoting economic stability. In order to be effective consumers, workers, and voters students should have a basic understanding of key macroeconomics measurements like unemployment, inflation, and GDP growth. Students should also have general information about the kinds of policy tools that the government has available to manage the economy. This information will provide students with appropriate knowledge to be well-informed citizens and decision-makers.

It is essential for students to know

Students should be able to define monetary and fiscal policy and explain the basic difference in these policy approaches. Students should have a basic understanding of the policy tools available with these two different approaches. They should understand the intended results of these different policy actions on indicators like unemployment, inflation, and economic growth.

Students should be able to relate business cycle activity to fiscal policy actions. Further, students should understand how the actions of the FED affect the growth of the economy in the United States.

It is not essential for students to know

Students do not need to know examples of fiscal and monetary policy actions over time. They also do not need to understand the legislative process for **specific** fiscal policy actions. It is not essential for students to know specific examples of FED policy action and the resulting impact on the economy.

Assessment guidelines

Appropriate assessment requires students to **explain** the purposes and effects of fiscal and monetary policies; therefore, the primary focus of assessment should be for students to **compare** and **contrast** fiscal and monetary policy tools and outcomes. However, appropriate assessment should also focus on student ability to **identify** the relationship between monetary and fiscal policy action and economic stability as measured by unemployment, inflation and GDP growth.